GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:668
ANSWERED ON:03.03.2005
LOSS TO IOCL
Rao Shri Devarakonda Vittal

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Indian Oil Corporation Limited had lost Rs.2,131 crores on sales of LPG, Kerosene and Diesel in the October-December 2004 period as reported in the Hindu dated 1 February, 2005; and

(b) if so, the reasons therefor ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a)&(b): International oil prices have ruled high during 2004-05. As compared to the average Indian basket crude price of US $ 27.98 per barrel during 2003-04, the average price during 2004-05 (April 2004-February 2005) has been US $38.24 per barrel. With a view to promoting equitable burden sharing of the increase in international prices amongst various stakeholders, namely, Government, Oil Companies and Consumers, Government modified excise duties and customs duties on PDS Kerosene, Domestic LPG, Diesel and Petrol during the course of the year; and Oil Marketing Companies (OMCs) did not pass the full increase in the international prices on to the domestic consumer prices. OMCs' under-recoveries on PDS Kerosene and Domestic LPG were partly shared by the upstream companies. The net under-recoveries of IOC (including IBP Co. Ltd., a subsidiary of IOC) on PDS Kerosene and Domestic LPG during October − December 2004, after taking into account burden sharing by upstream companies, are estimated to be Rs. 2239 crore. In addition to these under-recoveries, IOC also had under-recoveries on Diesel during this period.